

FINANCIAL STATEMENT AUDIT REPORT OF
ONSLOW COUNTY PARTNERSHIP FOR
CHILDREN, INC.
JACKSONVILLE, NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2019

BOARD OF DIRECTORS
MIKE YANIERO, BOARD CHAIR

ADMINISTRATIVE OFFICER
DAWN ROCHELLE, EXECUTIVE DIRECTOR

Onslow County Partnership for Children, Inc.

Index

	<u>Page</u>
Independent Auditor's Report	3
Financial Statements	
Exhibits	
A Statement of Receipts, Expenditures, and Net Assets - Modified Cash Basis	6
B Statement of Functional Expenditures - Modified Cash Basis	7
Notes to Financial Statements	8
Supplementary Information	
1 Schedule of Contract and Grant Expenditures - Modified Cash Basis	23
2 Schedule of Federal and State Awards - Modified Cash Basis	24
3 Schedule of Property and Equipment - Modified Cash Basis	25
4 Schedule of Qualifying Match (Non-GAAP)	26
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	27

Independent Auditor's Report

To Board Members of
Onslow County Partnership for Children, Inc.
Jacksonville, North Carolina

Report on Financial Statements

We have audited the accompanying financial statements of Onslow County Partnership for Children, Inc., which comprise the Statement of Receipts, Expenditures, and Net Assets - Modified Cash Basis as of and for the year ended June 30, 2019, and the related Statement of Functional Expenditures - Modified Cash Basis for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the Statement of Receipts, Expenditures and Net Assets of the Onslow County Partnership for Children, Inc., as of and for the year ended June 30, 2019, and the Statement of Functional Expenditures for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Other Matters

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Report on Supplementary Information

Schedule 4 on page 26 is not a required part of the basic financial statements but is supplementary information required by the North Carolina Office of the State Auditor. In accordance with auditing standards generally accepted in the United States of America, we have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion or provide any assurance on Schedule 4.

Our audit was conducted for the purpose of forming an opinion on the financial statements of Onslow County Partnership for Children, Inc. The accompanying supplementary Schedules 1, 2, and 3 are also presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2019, on our consideration of Onslow County Partnership for Children, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Onslow County Partnership for Children, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Onslow County Partnership for Children, Inc.'s internal control over financial reporting and compliance.



Charlotte, North Carolina
December 11, 2019

Onslow County Partnership for Children, Inc.
Statement of Receipts, Expenditures, and Net Assets - Modified Cash Basis
For the Year Ended June 30, 2019

Exhibit A

	Without Donor Restrictions	With Donor Restrictions	Total Funds
Receipts:			
State Awards and Contracts	\$ 5,376,469	\$ 44,503	\$ 5,420,972
Federal Awards	5,305,553	-	5,305,553
Private Contributions	18,195	7,007	25,202
Special Fund Raising Events	99,994	-	99,994
Sales Tax Refunds	24,837	-	24,837
Other Receipts	183,969	-	183,969
Total Receipts	11,009,017	51,510	11,060,527
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	135,738	(135,738)	-
	11,144,755	(84,228)	11,060,527
Expenditures:			
Programs:			
Child Care and Education Affordability	2,182,241	-	2,182,241
Child Care and Education Quality	1,035,052	-	1,035,052
Family Support	2,210,778	-	2,210,778
NC Pre-K	4,195,071	-	4,195,071
Support:			
Fund Raising	42,960	-	42,960
Management and General	578,881	-	578,881
Program Planning, Coordination and Evaluation	330,531	-	330,531
Other Program Support	254,527	-	254,527
Other:			
Refund of Prior Year Grant	51,177	-	51,177
Sales Tax Paid	24,912	-	24,912
Total Expenditures	10,906,130	-	10,906,130
Excess (Deficiency) of Receipts Over Expenditures	238,625	(84,228)	154,397
Net Assets at Beginning of Year	250,457	371,391	621,848
Transfer of Net Assets	(10,000)	10,000	-
Net Assets at End of Year	\$ 479,082	\$ 297,163	\$ 776,245
Net Assets Consisted of:			
Cash and Cash Equivalents	\$ 513,346	\$ 287,163	\$ 800,509
Beneficial Interest in the Community Foundation	-	10,000	10,000
	513,346	297,163	810,509
Less: Due to State	37,504	-	37,504
Funds Held for Others	(3,240)	-	(3,240)
Total Net Assets	\$ 479,082	\$ 297,163	\$ 776,245

The Accompanying Notes are an Integral Part of the Financial Statements.

Onslow County Partnership for Children, Inc.
Statement of Functional Expenditures - Modified Cash Basis
For the Year Ended June 30, 2019

Exhibit B

	Total	Personnel	Contracted Services	Supplies and Materials	Other Operating Expenditures	Fixed Charges and Other Expenditures	Property and Equipment Outlay	Services/Contracts/Grants
Smart Start Fund:								
Programs:								
Child Care and Education Affordability	\$ 1,626,088	\$ 58,363	\$ 84	\$ 3,801	\$ 1,827	\$ 207	\$ 307	\$ 1,561,499
Child Care and Education Quality	968,514	686,980	33,940	20,640	66,529	102,322	58,103	-
Family Support	780,119	377,355	18,845	29,815	64,129	43,197	21,388	225,390
	<u>3,374,721</u>	<u>1,122,698</u>	<u>52,869</u>	<u>54,256</u>	<u>132,485</u>	<u>145,726</u>	<u>79,798</u>	<u>1,786,889</u>
Support:								
Fundraising	41,006	12,313	4,224	2,070	22,399	-	-	-
Management and General	319,801	226,716	21,632	3,256	16,702	47,973	3,522	-
Program Planning, Coordination and Evaluation	325,700	268,655	7,226	1,391	26,618	13,698	8,112	-
	<u>686,507</u>	<u>507,684</u>	<u>33,082</u>	<u>6,717</u>	<u>65,719</u>	<u>61,671</u>	<u>11,634</u>	<u>-</u>
Total Smart Start Fund Expenditures	<u>\$ 4,061,228</u>	<u>\$ 1,630,382</u>	<u>\$ 85,951</u>	<u>\$ 60,973</u>	<u>\$ 198,204</u>	<u>\$ 207,397</u>	<u>\$ 91,432</u>	<u>\$ 1,786,889</u>
Other Funds:								
Programs:								
Child Care and Education Affordability	\$ 556,153	\$ 444,954	\$ 10,291	\$ 3,023	\$ 16,571	\$ 52,856	\$ 8,565	\$ 19,893
Child Care and Education Quality	66,538	50,773	1,767	2,563	10,167	345	604	319
Family Support	1,430,659	987,057	120,197	23,305	147,191	124,264	21,419	7,226
NC Pre-K	4,195,071	274,290	1,300	13,510	32,865	26,413	1,118	3,845,575
	<u>6,248,421</u>	<u>1,757,074</u>	<u>133,555</u>	<u>42,401</u>	<u>206,794</u>	<u>203,878</u>	<u>31,706</u>	<u>3,873,013</u>
Support:								
Fund Raising	1,954	1,865	-	-	89	-	-	-
Management and General	259,080	154,172	12,992	11,334	49,763	19,686	11,133	-
Program Planning, Coordination and Evaluation	4,831	-	-	495	4,047	289	-	-
Other Program Support	254,527	136,439	48,243	26,156	16,688	4,240	16,938	5,823
	<u>520,392</u>	<u>292,476</u>	<u>61,235</u>	<u>37,985</u>	<u>70,587</u>	<u>24,215</u>	<u>28,071</u>	<u>5,823</u>
Other:								
Refund of Prior Year Grant	51,177	-	-	-	-	51,177	-	-
Sales Tax Paid	24,912	-	-	24,912	-	-	-	-
	<u>76,089</u>	<u>-</u>	<u>-</u>	<u>24,912</u>	<u>-</u>	<u>51,177</u>	<u>-</u>	<u>-</u>
Total Other Funds Expenditures	<u>\$ 6,844,902</u>	<u>\$ 2,049,550</u>	<u>\$ 194,790</u>	<u>\$ 105,298</u>	<u>\$ 277,381</u>	<u>\$ 279,270</u>	<u>\$ 59,777</u>	<u>\$ 3,878,836</u>

The Accompanying Notes are an Integral Part of the Financial Statements.

ONslow COUNTY PARTNERSHIP FOR CHILDREN, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Purpose - The Onslow County Partnership for Children, Inc. (Onslow Partnership) is a legally separate nonprofit organization incorporated on June 26, 1998. The Onslow Partnership was established to develop and provide, through public and private means, early childhood education and developmental services for children and families. The Onslow County Partnership for Children, Inc. is tax-exempt as an organization described in Section 501(c)(3) of the Internal Revenue Code.

B. Basis of Presentation - The accompanying financial statements present all funds for which the Onslow Partnership's Board of Directors is responsible. Pursuant to the provisions of Financial Accounting Standards Board's accounting standards for not-for-profit entities, the accompanying financial statements present information according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets without donor restrictions are the part of net assets not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants). Net assets with donor restrictions are the part of net assets subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants). As permitted by this Standard, contributions with donor restrictions received and expended in the same year are reported as receipts without donor restrictions rather than receipts with donor restrictions.

Contributions with donor restrictions that are not expended within the year received are reported as an increase in net assets with donor restrictions. When the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Receipts, Expenditures, and Net Assets as net assets released from restrictions.

C. Basis of Accounting - The accompanying financial statements were prepared on the modified cash basis of accounting. This basis differs from accounting principles generally accepted in the United States of America primarily because it recognizes long lived assets and other costs which benefit more than one period as expended in the year purchased; it recognizes revenue when received rather than when earned; and it recognizes expenditures when paid rather than when incurred.

However, unexpended advances to contractors that revert back to the State of North Carolina are recognized as a reduction to expenditures and an increase to net assets. In addition, amounts withheld from employee paychecks or other amounts received in an agency capacity are recorded as funds held for others. Additionally, Smart Start funds advanced to the Local

Partnership that are unexpended and unearned at year end are recorded as funds Due to the State.

- D. Cash and Cash Equivalents** - This classification appears on the Statement of Receipts, Expenditures, and Net Assets - Modified Cash Basis and includes all demand and savings accounts and certificate of deposits or short-term investments with an original maturity of three months or less.
- E. Beneficial Interest in Community Foundation** - This classification consists of funds invested with North Carolina Community Foundation as reported in Note 13. These amounts are included in the amounts shown in the With Donor Restrictions column of Exhibit A and represent the irrevocable principal in an endowment fund as described more fully in Note 13.
- F. Due to the State** - The funding provided by the State of North Carolina for the Smart Start program is funded on a cost reimbursement basis. The money is earned to the extent of allowable costs incurred. Any unexpended funds as of June 30 are required to be reverted to The North Carolina Partnership for Children, Inc. to be returned to the State of North Carolina.
- G. Funds Held For Others** - Funds Held for Others includes amounts received that are fiduciary in nature in which the Onslow Partnership acts in an agency capacity. For the year ended June 30, 2019, the Onslow Partnership was holding amounts withheld from employee paychecks for distribution to authorities as well as awaiting payments from employees for insurance premiums as follows:

BC/BS Health Insurance Payable	\$	3,626
BC/BS Dental Insurance		1,014
BC/BS Vision Insurance		14
American Funds Payable		(263)
UNUM		(12)
OCPC Staff Contributions		(251)
United Way		(68)
Imagination Library Donations		(20)
Diamonds & Denim Donations		(800)
		<u>3,240</u>
	<u>\$</u>	<u>3,240</u>

- H. Property and Equipment** - Under the modified cash basis of accounting, purchases of property and equipment are reported as expenditures in the year occurred. However, Onslow Partnership is required by contract regulation to track and maintain property and equipment items as presented in Schedule 3 of this report. Onslow Partnership has a policy to track purchases of property and equipment items with an individual cost of \$500 or more and an estimated useful life greater than one year. Such items are valued at their original purchase price, which may be different from their valuation as of June 30, 2019. Donated items are recorded on the property and equipment log at estimated acquisition value at the date of donation, which is defined as the price that would be paid to acquire an asset with equivalent service capacity in an orderly market transaction at the acquisition date.

- I. **Compensated Absences** - As a result of the use of the modified cash basis of accounting, liabilities related to accrued compensated absences are not recorded in the financial statements. Expenditures related to compensated absences are recorded when paid. The amount of accrued compensated absences for accumulated, unpaid leave that would be due to employees upon termination is reported as a commitment in Note 9.
- J. **Use of Estimates** - The preparation of financial statements in conformity with the modified cash basis of accounting used by the Onslow Partnership requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as allocation of joint costs); accordingly, actual results could differ from those estimates. It is management's belief that these estimates are reasonable and fair.
- K. **Qualifying Match and Contributions In-Kind** - Onslow Partnership, in accordance with applicable Smart Start legislation, reports qualifying match provided at both the Partnership and the contractor level; the qualifying match is reported in supplemental Schedule 4. The match includes cash received and expended at the Partnership level, which is included in the modified cash basis financial statements. The qualifying match reported on Schedule 4 for cash provided at the contractor level and for in-kind goods and services at both the Partnership and contractor levels is not recorded in the modified cash basis financial statements. In-kind contributions could be donated equipment, supplies, office space, or services. Onslow Partnership also benefits from donor volunteer hours which do not require specific expertise but which are nonetheless central to Onslow Partnership's operations. See supplemental Schedule 4 for more information on contributions in-kind.
- L. **Change in Accounting Principle** - During 2019, the Partnership adopted the provisions of Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* ("ASU 2016-14"). The update addresses the complexity and understandability of net asset classifications, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Partnership has adjusted the presentation of these statements accordingly. ASU 2016-14 has been applied on a retrospective basis.

NOTE 2 - DEPOSITS

All funds of the Onslow Partnership are deposited with commercial banks and insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

Deposits over insured amounts subject the Onslow Partnership to a concentration of credit risk. At June 30, 2019, the Onslow Partnership's bank deposits in excess of the FDIC insured limit was \$608,150, of which \$455,000 was transferred between bank accounts on June 27, 2019 and had not cleared the transferring bank account as of June 30, 2019.

The Onslow Partnership believes that \$153,150 is subject to a concentration of credit risk.

NOTE 3 - FUNDING FROM GRANT AWARDS

Smart Start Program - A major source of revenue and support for the Onslow Partnership is from the State of North Carolina based on cost-reimbursement contracts with The North Carolina Partnership for Children, Inc. (NCPC) for the Smart Start program. A significant reduction in the level of funding from the State could have an adverse effect on the operations of the Onslow County Partnership for Children, Inc. and represents a concentration of credit risk as to the generation of revenue.

The Onslow Partnership was awarded and has received \$4,100,667 under a current year Smart Start contract with NCPC. The unexpended balance of this contract is subject to reversion to the State. The Onslow Partnership has refunded \$37,504 of this contract to the State based on financial status reports submitted to NCPC subsequent to June 30, 2019. The Onslow Partnership has also refunded \$1,935 of a previous contract to the state during the year ended June 30, 2019.

The Onslow County Partnership for Children, Inc. expects to receive continued funding through new Smart Start contracts with the State.

NC Pre-K - The Onslow Partnership also received revenue and support from the State of North Carolina for the NC Pre-K program. The Onslow Partnership was awarded \$4,638,814 and received \$1,054,837 in state funds and \$3,138,815 in federal funds under a current year financial assistance contract. The Onslow Partnership also received \$27,840 in state funds under a prior year contract.

The Onslow Partnership expects to receive continued funding through new NC Pre-K contracts with the State of North Carolina.

Child Care Subsidy - The Onslow Partnership also received revenue and support from the North Carolina Department of Health and Human Services (DHHS) based on a cost-reimbursement pass-through contract with the County of Onslow for the Child Care Subsidy program. The Onslow Partnership received federal funds of \$579,690 and expended \$535,022 under a prior year contract. The term of this contract was for June 1, 2018 through May 31, 2019.

The Onslow Partnership did not receive continued funding through a Child Care Subsidy contract with the County of Onslow.

Child Care Subsidy (one-time allocation) – The Onslow Partnership was awarded \$9,000 as a one-time allocation for work completed to make system adjustments during the current fiscal year. The Onslow Partnership expended \$9,000 of federal funds. The funds were received in the previous fiscal year.

Multi-County Accounting and Contracting – The Onslow Partnership also received revenue and support from the State for their participation in the Multi-County Accounting and Contracting Program. The unexpended balance of this

contract is subject to reversion to the State. The Onslow Partnership was awarded and has received \$158,029 under a current year contract for payment of administrative and accounting services. The Onslow Partnership expended \$158,029 of this contract during the current year.

The Onslow Partnership expects to receive continued funding through new contracts with the State.

Early Head Start - The Onslow Partnership was awarded \$850,821 and has received \$508,493 in federal funds and expended \$472,034 under a contract with the US Department of Health and Human Services Administration for Children and Families for an Early Head Start Grant. The term of this contract is January 1, 2018 through December 31, 2018.

Early Head Start - The Onslow Partnership was awarded \$865,563 and has received \$417,973 in federal funds and expended \$422,064 under a contract with the US Department of Health and Human Services Administration for Children and Families for an Early Head Start Grant. The term of this contract is January 1, 2019 through December 31, 2019. The balance of the award of the contract will be received and expended after June 30, 2019.

Early Head Start/Child Care Partnership - The Onslow Partnership was awarded \$1,230,000 and has received \$37,210 in federal funds and expended \$38,509 under a contract with the US Department of Health and Human Services Administration for Children and Families for an Early Head Start Grant. The term of this contract is March 1, 2019 through February 29, 2020. The balance of the award of the contract will be received and expended after June 30, 2019.

The Onslow Partnership expects to receive continued funding through new contracts with US Department of Health and Human Services.

Early Head Start (one-time allocation) – The Onslow Partnership was awarded \$4,750 in a previous year in order to support EHS staff and families related to trauma. The Onslow Partnership expended \$247 in state funds.

Governor's Crime Commission - The Onslow Partnership was awarded \$266,418 under a two year contract for Child Advocacy Center Services. The Onslow Partnership has received \$119,958 in federal funds from the North Carolina Department of Public Safety and expended \$116,892 under a prior year contract with the Governor's Crime Commission. The term of this contract is for October 1, 2017 through September 30, 2019. The balance of the award of the contract will be received and expended after June 30, 2019.

Governor's Crime Commission - The Onslow Partnership was awarded \$439,965 under a two year contract with the North Carolina Department of Public Safety for Enhanced Victim Services. The Onslow Partnership has received \$160,944 in federal funds and expended \$135,929 under a prior year contract with the Governor's Crime Commission. The term of this contract is for October 1, 2017 through September 30, 2019. The balance of the award of the contract will be received and expended after June 30, 2019.

The Onslow Partnership expects to receive continued funding through new contracts with the Department of Public Safety/Governor's Crime Commission.

Regional Child Care Resource & Referral Program (CCR&R) - The Onslow Partnership received revenue and support from the North Carolina Department of Health and Human Services based on a cost reimbursement pass-through contract with Martin/Pitt Partnership for Children (MPPFC) for the Regional Child Care Resource & Referral Program. The Onslow Partnership was awarded, received and expended \$33,331. The term of the contract was July 1, 2018 to June 30, 2019.

The Onslow Partnership expects to receive continued funding through new contracts with MPPFC.

Child Advocacy Centers of North Carolina (NCCAC) – The Onslow Partnership was awarded \$50,000 and received \$10,270 in state funds from the North Carolina Department of Health and Human Services (NCDHHS) for a prior year NCCAC grant. The NCCAC grant is a state funded initiative to help offset costs to run a child advocacy center. The term of the contract was July 1, 2017 through June 30, 2018.

Child Advocacy Centers of North Carolina (NCCAC) – The Onslow Partnership was awarded \$50,000 and received \$10,000 in state funds and \$27,484 in federal funds from the North Carolina Department of Health and Human Services (NCDHHS) for a current year NCCAC grant. The NCCAC grant is a state funded initiative to help offset costs to run a child advocacy center. The term of the contract was July 1, 2018 thru June 30, 2019.

The Onslow Partnership expects to receive continued funding through new contracts with NCDHHS.

Dolly Parton Imagination Library – The Onslow Partnership was awarded a grant from NCPC contingent upon enrollment figures captured during the current fiscal year. The Onslow Partnership received \$98,768 and expended \$70,309. These funds are designated to saturate Onslow County with information and enrollment into the Dolly Parton Imagination Library Program. The term of the contract was July 1, 2018 to June 30, 2019.

The Onslow Partnership expects to receive continued funding through continued contracts with NCPC through June 30, 2020.

21st Century Community Learning Centers – The Onslow Partnership was awarded \$273,957 annually from the North Carolina Department of Public Instruction (NCDPI) as part of a three-year grant. The Onslow Partnership received \$142,341 and expended \$99,536 in federal funds for year 1. These funds are designated to create and continue the LEAD afterschool program. The term of this contract was July 1, 2017 to September 30, 2018. The Onslow Partnership has also refunded \$21,302 of this contract to the state during the year ended June 30, 2019.

21st Century Community Learning Centers – The Onslow Partnership was awarded \$273,957 annually from the NCDPI as part of a three-year grant. The Onslow Partnership received \$139,314 and expended \$154,922 in federal funds for year 2. These funds are designated to create and continue the LEAD afterschool program. The term of this contract was July 1, 2018 to September 30, 2019. The balance of the award of the contract will be received and expended after June 30, 2019.

The Onslow Partnership expects to receive continued funding through new contracts with NCDPI.

Duke Endowment Grant – The Onslow Partnership was awarded \$524,000 for a four-year grant. The Onslow Partnership expended \$102,376 for year 3. The purpose of this funding is multi-faceted. 1) Expand Incredible Years Basic (IY) Program and include Autism Spectrum Disorder (ASD). 2) Research study with the partnership of University of Maryland Baltimore on IY ASD.

Due to many challenges, the Onslow Partnership and Duke Endowment mutually ended this contract and will not receive any future funding at this time.

NOTE 4 - RELATED PARTY TRANSACTIONS

Service Provider Contracts with Board Member Organizations - The board members of Onslow Partnership are representative of various organizations that benefit from actions taken by the Board. It is the policy of Onslow Partnership that board members are not involved with decisions regarding organizations they represent. During the year, Onslow Partnership entered into contracts with board member organizations for program activities as identified on Schedule 1 accompanying the financial statements.

NOTE 5 - FUNCTIONAL EXPENDITURES

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Receipts, Expenditures, and Net Assets - Modified Cash Basis. Also, the Statement of Functional Expenditures - Modified Cash Basis, provides detail of the functional costs by their natural classification. Following are the services associated with the functional categories presented in the accompanying financial statements and the methods utilized to allocate joint cost:

A. Program Functions

Child Care and Education Affordability - Used to account for service activities including or associated with State subsidy contract and administration (Division of Child Development and Early Education) [DCDEE], Head Start wraparound/extended day, dual subsidy and dual subsidy administration, subsidy supplements for quality, Head Start classrooms and coordination, child care transportation for subsidized children, part-day subsidy programs, subsidy preschool classes and public Pre-K subsidy.

Child Care and Education Quality - Used to account for service activities including or associated with quality enhancement and maintenance, child care resource and referral, professional development and supplements, literacy for child care providers, provider training, special needs – early intervention support for child care professionals, learning materials and teaching aids, curriculum enhancements, child care needs and resources assessments.

Family Support - Used to account for service activities including parent education, family support general, family intervention, literacy projects, transportation services, community systems building and public awareness, or family support needs and resources assessment.

NC Pre-K - Used to account for development and implementation of NC Pre-kindergarten program for four-year-olds. The goal is to provide quality prekindergarten services in order to enhance kindergarten readiness.

B. Support Functions

Fund Raising - Expenditures that are incurred in inducing others to contribute money, securities, time, materials, or facilities for which the contributor will receive no direct economic benefit.

Management and General - Expenditures that are not identifiable with a single program or fund-raising activity but are indispensable to the conduct of those activities and to an organization's existence, including expenditures for the overall direction of the organization, its general board activities, business management, general recordkeeping, budgeting, and related purposes.

Program Planning, Coordination and Evaluation - Expenditures that are incurred to coordinate the policies, procedures, daily practices, and evaluation of service delivery, needs assessment and strategic planning. Also, costs associated with providing technical assistance, monitoring and reporting of in-house and direct service provider activities as to the delivery of services and adherence to the specific terms and conditions of the contracts.

Other Program Support - Expenditures incurred to provide support to organizations in the form of curriculum, books, supporting materials, and training.

C. Allocation of Joint Costs

Expenditures benefiting more than one purpose were allocated as follows:

Salaries and Benefits - Direct allocation based on employee time reports.

Other Costs - Other costs including occupancy cost (rent, utilities and maintenance), supplies and materials, and communication costs (telephone and printing) were indirectly allocated based on utilization data.

NOTE 6 - LEASE OBLIGATIONS

A. Operating Lease Obligations - Future minimum lease payments under noncancelable operating leases consist of the following at June 30, 2019:

Fiscal Year	Operating Leases
2020	\$ 301,171
2021	9,548
Total Minimum Lease Payments	<u>\$ 310,719</u>

Rental expense for all operating leases during the year was \$355,215.

B. Capital Lease Obligations - Capital lease obligations relating to copier/printer equipment are recorded at the present value of the minimum lease payments. Future minimum lease payments under capital lease obligations consist of the following at June 30, 2019:

Fiscal Year	Capital Leases
2020	\$ 5,861
2021	2,561
2022	2,561
2023	854
Total Minimum Lease Payments	<u>\$ 11,837</u>

NOTE 7 - PENSION PLAN

Deferred Compensation and Supplemental Retirement Income Plans IRC Section 401(k) Plan - Onslow Partnership has an IRC Section 401(k) plan (Plan). Onslow Partnership contributed matching contributions up to 4% of gross wages under plan provisions for the year ended June 30, 2019. Employees may make voluntary contributions to the Plan. For the year ended June 30, 2019, Onslow Partnership contributed \$62,800.

NOTE 8 - RISK MANAGEMENT

Onslow Partnership is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. Onslow Partnership manages these various risks of loss as follows:

Type of Loss	Method Managed	Risk of Loss Retained
Torts, errors and omissions, health and life	Purchased commercial insurance	None
Worker's Compensation - employee injuries	Purchased commercial insurance	None
Physical property loss and natural disasters	Purchased commercial insurance	None

Management believes such coverage is sufficient to preclude any significant losses to the Onslow Partnership. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Compensated Absences - As a result of Onslow Partnership's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation only; sick leave does not vest) and any employer-related costs earned and unpaid, are not reflected in the financial statements. The compensated absences commitment for vacation leave at June 30, 2019 is \$141,866. No funds or reservation of net assets has been made for this commitment.

NOTE 10 - RESTRICTIONS ON NET ASSETS

A. Net Assets With Donor Restrictions - Net assets with donor restrictions at June 30, 2019 are available for the following purposes:

Purpose	Amount
Child Advocacy Center	\$ 230,844
Literacy Activities	160
EHS Grant for Trauma	703
EHS Grant for Trauma	3,800
Keeping Kids Safe	2,695
Keeping Kids Safe (USAA)	4,012
Dolly Parton Imagination Library	44,949
	<u>\$ 287,163</u>

- B. Net Assets Released From Donor Restrictions** - Net assets were released from donor restrictions during the fiscal year ended June 30, 2019 by incurring expenditures satisfying the restricted purposes as follows:

Purpose	Amount
Child Advocacy Center	\$ 2,596
Dolly Parton Imagination Library	20,236
Keeping Kids Safe	964
Keeping Kids Safe (USAA)	319
Duke Endowment Grant	102,376
MISC Federal Grant - EHS	247
MISC Federal Grant - Subsidy	9,000
	<u>\$ 135,738</u>

- C. Transfer of Net Assets** - Net assets in the amount of \$10,000 were transferred from net assets without donor restriction to net assets with donor restriction as part of the endowment being moved to a net assets with donor restrictions fund.

- D. Net Assets With Donor Restrictions** - Endowments restricted in perpetuity at June 30, 2019 were restricted for the following purposes:

Purpose	Amount
NC Community Foundation	<u>\$ 10,000</u>

NOTE 11 - FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS

The following reflects Onslow Partnership's financial assets as of June 30, 2019 reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of June 30, 2019:

Financial assets at year-end	\$ 776,245
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with time and purpose restrictions (See Note 10 A)	(287,163)
Permanently restricted by donor (See Note 10D)	<u>(10,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 479,082</u>

The Onslow Partnership is supported by contributions with donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Onslow Partnership must maintain sufficient resources to meet these responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year.

The Onslow Partnership does not have a liquidity management policy as of June 30, 2019.

NOTE 12 - INCOME TAXES

The Onslow Partnership is exempt from payment of income taxes under the provision of Section 501(c)(3) of the Internal Revenue Code, except to the extent of taxes on any unrelated business income.

FASB ASC 740 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FASB ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing financial statements to determine whether the tax positions are "more-likely-than-not" to be sustained by the applicable tax authority.

The Onslow Partnership does not believe there are any unrecognized tax benefits or costs as of June 30, 2019. Income tax returns from 2016 through 2018 are open to examination by the tax authorities.

NOTE 13 - BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION

The Onslow Partnership is the beneficiary of an endowment established through the North Carolina Community Foundation. The agreement between the Onslow Partnership and the North Carolina Community Foundation provides that all the contributions to the endowment are irrevocable. The North Carolina Community Foundation will make distributions of the income earned on the endowment, subject to the North Carolina Community Foundation's spending policy. The agreement also permits the North Carolina Community Foundation to substitute another beneficiary in the place of Onslow Partnership if the Onslow Partnership ceases to exist or if the Onslow Partnership ceases to be an organization described in Internal Revenue Code Sections 170c and 501c(3). Therefore, the Onslow Partnership has explicitly granted variance power to the North Carolina Community Foundation. The Onslow Partnership's endowment position is identified on the Statement of Receipts, Expenditures, and Net Assets – Modified Cash Basis as the beneficial interest in the North Carolina Community Foundation. The fair value of the endowment administered by the North Carolina Community Foundation on behalf of the Onslow Partnership at June 30, 2019 was \$10,000; however, under the modified cash basis of accounting, the original cost basis of contributions are reported on the Statement of Receipts, Expenditures, and Net Assets – Modified Cash Basis.

NOTE 14 - ENDOWMENT

Interpretation of Endowment Under Uniform Prudent Management of Institutional Funds Act (UPMIFA)

Through June 30, 2019, the Onslow Partnership's management and investment of donor-restricted endowment funds was subject to the provisions of the Uniform Management of Institutional Funds Act (UMIFA). In 2006, the Uniform Law Commission approved the model act, Uniform Prudent Management of Institutional Funds Act (UPMIFA) that serves as a guideline to states to use in enacting legislation. Among UPMIFA's most significant changes is the elimination of UMIFA's important concept of historic dollar threshold, the amount below which an organization could not spend from the fund, in favor of a more robust set of guidelines about what constitutes prudent spending. The Onslow Partnership's endowment consists of a beneficial interest in a community foundation. Endowments include donor-restricted endowment funds.

Basis of Endowment Accounting

Under the modified cash basis of accounting, the Onslow Partnership records contributions and endowment investment earnings on a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Contributions from funds held, raised or collected by the Onslow Partnership and processed through its bank accounts are recorded as permanently restricted net assets.

Contributions from funds held, raised or collected by the Onslow Partnership but not processed through its bank accounts are not recorded. Permanently restricted contributions sent directly by a third party to the community foundation are not recorded in the general ledger of the Onslow Partnership. Similarly, investment earnings and expenses of endowments held by the community foundation are not recorded in the general ledger of the Onslow Partnership, unless such earnings and expenses pass through its bank accounts.

Endowment net asset composition by fund type as of June 30, 2019 follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor- restricted Funds	\$ -	\$ 10,000	\$ 10,000

NOTE 15 - SUBSEQUENT EVENTS

The Onslow Partnership has evaluated events and transactions that occurred between June 30, 2019 and December 11, 2019, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. Events or transactions that provided evidence about conditions that did not exist at June 30, 2019 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended June 30, 2019.

This information is an integral part of the financial statements.

SUPPLEMENTARY INFORMATION

Onslow County Partnership for Children, Inc.
Schedule of Contract and Grant Expenditures - Modified Cash Basis
For the Year Ended June 30, 2019

Schedule 1

Organization Name	Smart Start Funds		Other Funds	
	Amount Advanced	Refund Due	Amount Advanced	Refund Due
Organizations:				
PEERS - Adolescent Teen Parenting	* \$ 139,945	\$ -	\$ -	\$ -
PEERS - Parent Education Enhancement	* 85,445	-	-	-
Abundance of Love & Learning	43,475	-	112,775	-
Brighter Beginnings CDC	9,650	-	-	-
Childcare Network Inc. #79	22,700	-	-	-
Childcare Network Inc. #79B	-	-	114,400	-
Childcare Network Inc. #80	54,025	-	114,394	-
Childcare Network Inc. #81	33,975	-	114,075	-
Children's Castle Childcare	54,350	-	-	-
Children's Castle School Age	-	-	111,800	-
Children's Palace	10,400	-	-	-
Excel Learning Centers IX LLC	* 63,225	-	-	-
Excel Learning Center VIII LLC	* 168,050	-	400,200	-
Excel Learning Centers X LLC	* 39,650	-	218,050	-
Excel Learning Centers XI LLC	* 158,975	-	327,000	-
Excel Learning Centers XII LLC	* 256,450	-	315,075	-
Excel Learning Centers XIV LLC	* 50,900	-	-	-
Jolly Bee Childcare	21,949	-	-	-
Kids Educational Center V, Inc	27,075	-	-	-
New Beginnings Child Care #I	-	-	233,025	-
New Beginnings Child Care #II	39,725	-	231,075	-
New Beginnings Child Care #III	167,225	-	333,125	-
New Beginnings Child Care, Inc	160,400	-	-	-
Onslow County Child	43,150	-	-	-
Onslow County Schools	*	-	988,200	-
Precious Resources Inc	38,100	-	232,700	-
Shiloh Institute	25,275	-	-	-
Sneads Ferry Quality CC & PreK	22,150	-	-	-
Teachable Moments	50,625	-	-	-
DHHS - DCDEE	-	-	16,391	-
Onslow County Department of Social Services	-	-	1,825	-
	<u>1,786,889</u>	<u>-</u>	<u>3,864,110</u>	<u>-</u>
Individuals:				
Early Head Start - Gas Cards	-	-	2,500	-
Early Head Start - Field Trip (6905)	-	-	136	-
Imagination Library - Dollywood Foundation	-	-	-	-
Participants (books)	-	-	4,190	-
Safe Kids - Car Seats	-	-	319	-
Child Care Subsidy - Individuals (Mai Pickett)	-	-	1,358	-
LEAD Field Trips for participants (6905)	-	-	5,823	-
Governor's Crime Commission (6903) Medical	-	-	-	-
Provider Registration	-	-	400	-
	<u>-</u>	<u>-</u>	<u>14,726</u>	<u>-</u>
	<u>\$ 1,786,889</u>	<u>\$ -</u>	<u>\$ 3,878,836</u>	<u>\$ -</u>

* These organizations are represented on the Onslow Partnership's Board as described in Note 4 - Service Provider Contracts with Board Member Organizations.

Onslow County Partnership for Children, Inc.
Schedule of Federal and State Awards - Modified Cash Basis
For the Year Ended June 30, 2019

Schedule 2

Federal/State Grantor/Pass-through Grantor/Program	Federal CFDA Number	Contract #	Receipts	Expenditures
Federal Awards:				
United States Department of Health and Human Services Pass-through from the North Carolina Department of Health and Human Services Division of Child Development and Early Education Pass-through from Child Care Services Association, Inc. Pass-through from Martin/Pitt Partnership for Children Child Care Resource and Referral (Current Year)	93.575	3693-903	\$ 33,331	\$ 33,331
United States Department of Health and Human Services Pass-through from the North Carolina Department of Health and Human Services Division of Child Development and Early Education Child Care and Development Fund (NC Pre-K) (Current Year)	* 93.575	36868	89,391	89,391
Temporary Assistance for Needy Families (NC Pre-K) (Current Year)	** * 93.558	36868	3,049,424	3,049,424
United States Department of Education Pass-through from the North Carolina Department of Public Instruction 21st Century Community Learning Centers (Prior Year)	84.287	S287C170033	142,341	99,536
21st Century Community Learning Centers (Prior Year Reversion)	84.287	S287C170033	-	21,302
21st Century Community Learning Centers (Current Year)(Year 2)	84.287	S287C170033 - YR 2	139,314	154,922
United States Department of Health and Human Services Pass-through from the North Carolina Department of Health and Human Services Division of Child Development and Early Education Pass-through from Onslow County Child Care & Development Block Grant (Prior Year)	93.596	N/A	-	9,000
Child Care & Development Block Grant (Prior Year)	* 93.596	62315	579,690	535,022
United States Department of Health and Human Services Administration For Children and Families, Office of Head Start Early Head Start - 2018 (Prior Year)	* 93.600	04CH4779-04-01	508,493	472,034
Early Head Start - 2019 (Current Year)	* 93.600	04CH4779-05-01	417,973	422,064
Early Head Start Expansion - 2019 (Current Year)	93.600	04HP000132-01-00	37,210	38,509
United States Department of Justice Pass-through from the North Carolina Department of Public Safety Governor's Crime Commission Crime Victim Assistance (Child Advocacy Center Services) (Prior Year)	16.575	PROJ012376	119,958	116,892
Crime Victim Assistance (Enhanced Victim Services) (Prior Year)	16.575	PROJ012377	160,944	135,929
United States Department of Health and Human Services Pass-through from the North Carolina Department of Health and Human Services Division of Social Services Pass-through from the Child Advocacy Centers of NC Child Advocacy Center Grant (Current Year) (79.1%)	93.667	37387	22,984	35,500
Child Abuse & Neglect (.09%)	93.669	37387	4,500	4,500
Total Federal Awards			5,305,553	5,217,356
State Awards:				
North Carolina Department of Health and Human Services Division of Child Development and Early Education Pass-through from the North Carolina Partnership for Children, Inc. Early Childhood Initiatives Program (Prior Year)	*	N/A	(1,935)	(1,935)
Early Childhood Initiatives Program (Current Year)	*	N/A	4,063,163	4,063,163
Multi-Partnership Accounting and Contracting Grant (Current Year)	*	N/A	158,029	158,029
Dolly Parton Imagination Library Expansion (Current Year)	*	N/A	98,768	70,309
North Carolina Department of Health and Human Services Division of Social Services Pass-through from the Child Advocacy Centers of NC Child Advocacy Center Grant (Prior Year)	*	35502	10,270	-
Child Advocacy Center Grant (Current Year)	*	37387	10,000	10,000
North Carolina Department of Health and Human Services Division of Child Development and Early Education North Carolina Pre-Kindergarten Program (Prior Year)	*	34959	27,840	-
North Carolina Pre-Kindergarten Program (Current Year)	*	36868	1,054,837	1,054,837
North Carolina Department of Public Instruction Early Head Start (Current Year)	*	N/A	-	247
Total State Awards			5,420,972	5,354,650
Total Federal and State Awards			\$ 10,726,525	\$ 10,572,006

* Programs with compliance requirements that have a direct and material effect on the financial statements.

** Major Programs per Uniform Guidance.

Onslow County Partnership for Children, Inc.
Schedule of Property and Equipment - Modified Cash Basis
For the Year Ended June 30, 2019

Schedule 3

Furniture and Noncomputer Equipment	\$ 342,222
Computer Equipment/Printers	<u>228,396</u>
Total Property and Equipment	<u>\$ 570,618</u>

Note: The information on this schedule provides a summary of property and equipment with acquisition or donated cost of \$500 or more which were held by the Partnership at year end. The valuations represent historical cost. On the modified cash basis of accounting, these items are expensed in the year of purchase.

Onslow County Partnership for Children, Inc.
Schedule of Qualifying Match (Non-GAAP)
For the Year Ended June 30, 2019

Schedule 4

Match Provided at the Partnership Level:

Cash	\$ 1,139,281
In-Kind Goods and Services	19,128
	<hr/>
	\$ 1,158,409
	<hr/> <hr/>

Match Provided at the Contractor Level:

Cash	\$ -
In-Kind Goods and Services	-
	<hr/>
	\$ -
	<hr/> <hr/>

Note: This schedule is presented in accordance with the program match requirement as provided for by North Carolina Session Law 2018-5, Section 11B.8.(d). The match is comprised of both cash and in-kind amounts. Only in-kind contributions that are verifiable, quantifiable, and related to the Smart Start Program can be applied to the in-kind match requirement, including volunteer services. The law allows for volunteer services to be valued for match purposes, a concept that deviates from generally accepted accounting principles. This schedule identifies those amounts allowable for this Partnership in meeting the statewide match requirement.

The amounts shown above as allowable for the Partnership in meeting its match requirement do not include allowable amounts included in the North Carolina Families Accessing Services through Technology (NCFAST) system as this information was not available in a timely manner for the fiscal year ended June 30, 2019. For the fiscal year ended June 30, 2019, Smart Start met the legislative statewide match requirement and will be waiving penalties for local partnerships that do not meet their match requirement for the fiscal year ended June 30, 2019.

Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

To Board Members of
Onslow County Partnership for Children, Inc.
Jacksonville, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Onslow County Partnership for Children, Inc. (a nonprofit organization), which comprise the Statement of Receipts, Expenditures, and Net Assets - Modified Cash Basis as of and for the year ended June 30, 2019, and the related Statement of Functional Expenditures - Modified Cash Basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 11, 2019.

As described in Note 1, the financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Onslow County Partnership for Children, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Onslow County Partnership for Children, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Onslow County Partnership for Children, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Onslow County Partnership for Children, Inc.'s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given those limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Onslow County Partnership for Children, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Onslow County Partnership for Children, Inc.'s internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Onslow County Partnership for Children, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charlotte, North Carolina
December 11, 2019